DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fourth Annual Report and the Audited Accounts of the Company for the year ended March 31, 2014.

FINANCIAL HIGHLIGHTS

The Balance Sheet, Profit and Loss Account and the Cash Flow Statements of the Company for the Financial Year ended March 31, 2014 have been drawn to comply with the provisions of Companies Act, 1956. The highlights of the financial results are as under:

Particulars	**March 31, 2014 (₹ in Lakhs)**	*March 31, 2013 (₹ in Lakhs)*
Total Income	**307.96**	*160.31*
Total Expenditure	**327.18**	*28.79*
Profit / (Loss) before Tax	**(19.21)**	*131.52*
Provision for Tax	**3.13**	*2.89*
Net Profit / (Loss) after Tax	**(22.34)**	*128.63*
Balance carried to Balance Sheet	**(22.34)**	*128.63*
Net Worth	**1,15,232.97**	*53,026.31*
Non-Current Liabilities	**2,57,517.80**	*1,23,756.91*
Net Current Assets	**(10,624.45)**	*(7,426.46)*
Non-Current Assets	**3,23,691.32**	*1,22,825.11*

DIVIDEND

Your Directors have not recommended any dividend on equity shares for the year under review.

PERFORMANCE OF THE COMPANY

A. Income and Expenditure

The Directors wish to inform you that your Company has recorded an Income of ₹ 307.96 lakhs from interest on Fixed Deposits and Dividend from mutual funds, and the expenditure incurred during the year is ₹ 327.18 lakhs.

Your Company is yet to commence operations of Hyderabad Metro Rail Project.

B. Project Progress

Your Company is executing Hyderabad Metro Rail Project on a stretch of 71.16 kms in three different corridors as detailed hereunder:

Corridors	**Corridor Details**	**Kilometers**
Corridor I	Miyapur - LB Nagar	28.87
Corridor II	JBS - Falaknuma	14.78
Corridor III	Nagole - Shilparamam	27.51

Your Company has divided the entire stretch into 6 stages. The construction works on Corridor I and III are progressing at brisk pace. There are few hurdles on Corridor II which are expected to be resolved during the current financial year and the construction works on this stretch shall be taken up in full flow after the issues are resolved. Your Company is planning to commission initial 8 kms on Stage 1 by March, 2015.

Construction works on Nagole Depot has almost completed and the depot is ready for commissioning. 80% of Construction works has been completed at Miyapur Depot.

Your Company has taken up the development of Transit Orientation Development (TOD) at three prominent sites of Hyderabad Metro Rail Project.

C. Capital Expenditure

During the year under review, your Company has incurred an amount of ₹ 1996 crores towards the implementation of the project as against ₹ 1419 crores incurred during the previous financial year. The total expenditure incurred on the project as on March 31, 2014 is ₹ 3844 crores.

D. Share Capital

During the year under review, your Company has increased its subscribed and paid up capital from ₹ 529,99,96,060/- (Rupees Five Hundred Twenty Nine Core Ninety Nine Lakhs Ninety Six Thousand Sixty only) divided into 52,99,99,606 shares of ₹ 10/- each to ₹ 1155,39,76,060/- (Rupees One Thousand One Hundred Fifty Five Crores Thirty Nine Lakhs Seventy Six Thousand Sixty only) divided into 115,53,97,606 Equity Shares of ₹ 10/- each, by allotment of 62,53,980 shares of ₹ 10/- each to Larsen and Toubro Limited and 61,91,44,020 shares of ₹ 10/- each to L&T Infrastructure Development Projects Limited.

E. Term Loans

During the year under review, your Company took the disbursements of ₹ 1335 Crores of Term Loans from Banks as against ₹ 1237 Crores of disbursement of Term Loans during the previous financial year taking the total term loans outstanding as on March 31, 2014 to ₹ 2572 crores, towards implementation of the Hyderabad Metro Rail Project. With the slowdown of Economy and the Inflation Rates in India the Monetary Policy of Reserve Bank of India has increased the cost of borrowings of your Company thereby resulting in escalation in Project Cost.

AUDIT COMMITTEE

Audit Committee of your Company has been constituted in terms of Section 292A of the Companies Act, 1956, under the Chairmanship of Mr. K. Venkatesh with Mrs. Sheela Bhide and Mr. Ajit Rangnekar as other members of the Committee.

SUBSIDIARY COMPANY

During the year under review, your Company doesn't have any subsidiary.

DEPOSITS

The Company has not accepted any deposits from the public.

DIRECTORS

The Board of Directors of your Company are comprised of eminent professionals from different sectors with rich experience in their respective fields and are leading your Company towards implementation of Hyderabad Metro Rail Project. A brief of the Board is furnished hereunder:

S.No.	Name of the Director	Designation	Profile
1.	Mr. Y. M. Deosthalee	Chairman	Mr. Deosthalee is a Chartered Accountant and also has a degree in law. He is acting as Chairman of the Board of Directors of the Company. He has 40 years of rich work experience in human resource functions, risk management, mergers and acquisitions and concessions business etc., in L&T Group.
2.	Mr. S. N. Talwar	Independent Director	Mr. S. N. Talwar is a Bachelor Degree holder in Commerce and Law and is acting as Independent Director on the Board of Directors of the Company. He has over 45 years of experience in the legal field and has served many industrial groups in the country and multi-national companies.
3.	Mr. V. B. Gadgil	Director	Mr. Vivek Bhaskar Gadgil, Chief Executive & Managing Director - L&T Metro Rail (Hyderabad) Limited, is a graduate in Civil Engineer, from Marathwada University and a gold medalist. He has over 40 years of rich and varied experience in the construction & related fields.
4.	Mr. K. Venkatesh	Director	Mr.K.Venkatesh is Chartered Accountant and a Cost Accountant and has over 35 years of experience in Corporate Finance and Accounts, Project Bidding, Structuring, Financial Closure, Project Management and Operations & Maintenance of Infrastructure projects.
5.	Mrs. Sheela Bhide	Independent Director	Mrs. Sheela Bhide is a retired IAS officer of 1973 and holds a doctorate in international trade from the Institute of International Studies, Geneva and also holds a masters degree in economics from George Mason University, United States of America, a masters in public policy from John F. Kennedy School of Government, Harvard University, United States of America.
6.	Mr. Ajit Rangnekar	Independent Director	Mr. Ajit Rangnekar is the Dean and Member of Governing Board of Indian School of Business and is acting as Independent Director on the Board of Directors of the Company. He holds a degree from the Indian Institute of Technology, Mumbai, and also a post graduate in Management from the Indian Institute of Management, Ahmedabad
7.	Mr. N V S Reddy	Government Nominee	Mr. N V S Reddy is currently acting as a Nominee Director on behalf of Government of Andhra Pradesh, on the Board of L&T Metro Rail (Hyderabad) Limited. He is IRAS officer and has over 30 years of managerial and administrative experience in Government of India, Government of AP and Public Sector Undertakings.

Mr. K. Venkatesh and Mr. Y. M. Deosthalee retire by rotation and being eligible, they have offered themselves for reappointment. The Board of Directors recommends their re-appointment.

AUDITORS

M/s M. K Dandekar & Co, Chartered Accountants, the existing statutory auditors holds the office until the conclusion of the Fourth Annual General Meeting and have shown their willingness to accept and hold the office till the conclusion of Sixth Annual General Meeting, if re-appointed, and have confirmed that their appointment will be within the limits of Section 141(3) of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement it is hereby confirmed that:

(i) in the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards have been followed;

(ii) the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit/loss of the Company for the said period;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors have prepared the annual accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, there were no employees in your Company, exceeding the limits prescribed within the meaning of the above mentioned Section.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and Outgo are set out in Annexure I to the Directors' Report.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the continued support and co-operation of the shareholders, banks, various regulatory and government authorities and for the valuable contributions made by the employees of the Company.

On behalf of the Board of Directors
For L&T Metro Rail (Hyderabad) Limited

Place : Hyderabad	**V B GADGIL**	**K. VENKATESH**
Date : April 16, 2014	*Managing Director*	*Director*

ANNEXURE I TO DIRECTORS' REPORT

INFORMATION IN ACCORDANCE WITH THE PROVISIONS OF SECTION 217(1)(E) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 REGARDING CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

CONSERVATION OF ENERGY

The activities / operations of the Company are yet to commence. The operations of the Company are not energy-intensive. However energy conservation is a priority area for the Company. Better controls are planned to achieve reduction in energy consumption. Various steps are being taken for reduction of energy on a continuous basis.

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

There was no Technology Absorption during the year.

FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, the foreign exchange earnings of your Company were ₹ Nil and the foreign exchange outgo was ₹ 7.63 Crores.

AUDITORS' REPORT

TO THE MEMBERS OF L&T METRO RAIL (HYDERABAD) LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **L & T METRO RAIL (HYDERABAD) LIMITED,** which comprise the Balance Sheet as at March 31, 2014, and the statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our auditing accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION:

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014,

b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and

c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

iii. The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account;

iv. In our opinion, the Balance Sheet and Statement of Profit and Loss dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

v. On the basis of written representations received from the Directors, as on March 31, 2014, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For M. K. DANDEKER & CO.
(Firm regn. No. 000679S)

K. J. DANDEKER
Partner
Chartered Accountants
Membership No. 018533

Place : Hyderabad
Date : April 16, 2014

ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 of the report of the Auditors to the Members of L&T Metro Rail (Hyderabad) Limited on the accounts for the year ended March 31, 2014, we report that:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) We are informed that the management of the Company has physically verified during the year all its fixed assets and no material discrepancies were noticed on such verification.

(c) The Company has not disposed of any of its fixed assets so as to affect the going concern status.

(ii) The Company is engaged in the business of infrastructure development and maintenance and hence the clauses 4 (ii) (a), (b) & (c) of the Companies (Auditors' Report) Order 2003 relating to inventory are not applicable.

(iii) According to the information & explanation given to us, the Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act,1956. Hence reporting under clause 4(iii)(b) to (g) of the Companies (Auditor's Report) Order, 2003 does not arise.

(iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business, for the purchase of fixed assets. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.

(v) In our opinion, and according to the information and explanations given to us, there are no transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 and hence reporting under clause 4 (v)(b) of the Companies (Auditor's Report) Order 2003 does not arise.

(vi) The Company has not accepted deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act 1956. Hence Clause 4 (vi) of the Companies (Auditors' Report) Order 2003 is not applicable to the Company.

(vii) The Company has an internal audit which is carried by an external firm of chartered accountants and the same is commensurate with the size of the Company and nature of its business.

(viii) The Company is maintaining the cost records as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues, Income tax, and other statutory dues during the year with the appropriate authorities. As at March 31, 2014, there are no undisputed statutory dues payable for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues which have not been deposited on account of any dispute of income tax.

(x) The Company has been registered for a period less than five years and hence reporting under clause 4(x) of the Companies (Auditors' Report) Order, 2003 regarding accumulated losses and cash losses do not arise.

(xi) The Company has not defaulted in repayment of dues to any banks or financial institutions.

(xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures. However, the surplus funds have been invested in mutual funds. Proper records have been maintained for the transactions and contracts for the investment in mutual funds and are updated on a timely basis. The investments have been held by the Company in its own name.

(xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained by the Company.

(xvii) In our opinion and according to the information and explanation given to us, the Company has raised funds on short term basis and applied the same for the purpose for which they were obtained.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.

(xix) The Company has not issued debentures during the year. Accordingly, no security or charge needs to be created.

(xx) The Company has not raised any money by public issue during the year.

(xxi) During the course of our examination of the books and the records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management

For M. K. DANDEKER & CO.
(Firm regn. No. 000679S)

K. J. DANDEKER
Partner
Chartered Accountants
Membership No. 018533

Place : Hyderabad
Date : April 16, 2014

BALANCE SHEET AS AT MARCH 31, 2014

	Note No.	As at 31.03.2014		*As at 31.3.2013*	
		₹	₹	₹	₹
EQUITY & LIABILITIES:					
Shareholders' funds					
Share capital	A	**1155,39,76,060**		*529,99,96,060*	
Reserves and surplus	B	**(3,06,78,978)**		*26,34,854*	
			1152,32,97,082		*530,26,30,914*
Share Application Money pending allotment			**–**		*–*
Non- current liabilities					
Long term borrowings	C(I)		**2571,67,99,996**		*1236,67,00,000*
Other long term liabilities	C(II)		**3,49,80,153**		*89,90,688*
Current liabilities					
Trade payables	D(I)	**101,82,67,811**		*97,71,22,893*	
Other current liabilities	D(II)	**44,03,60,747**		*19,59,09,150*	
Short term provisions	D(III)	**1,51,66,553**		*1,21,58,387*	
			147,37,95,111		*118,51,90,430*
TOTAL			**3874,88,72,342**		*1886,35,12,032*
ASSETS:					
Non-current assets					
Fixed Assets					
Tangible assets	E(I)	**4,67,50,451**		*6,14,14,542*	
Intangible assets	E(I)	**1,10,93,751**		*28,51,019*	
Capital work in progress	E(II)	**54,86,39,745**		*2,19,25,658*	
Intangible assets under development	E(III)	**3176,26,47,675**		*1219,63,20,030*	
			3236,91,31,622		*1228,25,11,249*
Deferred tax assets	M(VII)		**63,91,960**		*63,91,960*
Long term loans and advances	F		**596,19,98,879**		*611,05,36,314*
Cash and bank balances	G		**–**		*2,15,28,714*
Current assets					
Current Investments	H(I)	**13,02,54,056**		*7,00,55,408*	
Cash and Cash equivalents	H(II)	**17,10,43,562**		*28,48,25,027*	
Short term loans and advances	H(III)	**11,00,52,263**		*8,76,63,360*	
			41,13,49,881		*44,25,43,795*
TOTAL			**3874,88,72,342**		*1886,35,12,032*
Contingent Liabilities	I				
Commitments	J				
Other notes forming part of accounts	M				
Significant accounting policies	N				

The accompanying notes form an integral part of the Financial Statements.
As per our report attached

For and on behalf of the Board

For M. K. DANDEKER & CO.
Chartered Accountants
Firm registration number : 000679S
By the hand of

K. J. DANDEKER
Partner
Membership No : 018533

V.B.GADGIL
Chief Executive & Managing Director

K.VENKATESH
Director

ASHISH MALHOTRA
Company Secretary

Place : Hyderabad
Date : April 16, 2014

Place : Hyderabad
Date : April 16, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note No	2013-14 ₹	2013-14 ₹	*2012-13* ₹	*2012-13* ₹
REVENUE:					
Revenue from operations			**–**		*–*
Other Income	**K**		**3,07,96,437**		*1,60,31,522*
Total Revenue			**3,07,96,437**		*1,60,31,522*
EXPENSES:					
Other expenses	**L**		**3,27,17,714**		*28,79,171*
Total Expenses			**3,27,17,714**		*28,79,171*
Profit/(Loss) before tax			**(19,21,277)**		*1,31,52,351*
Tax expenses					
Current tax		**3,13,190**		*2,88,824*	
Deferred tax		**–**		*–*	
			3,13,190		*2,88,824*
Profit after tax carried to Balance Sheet			**(22,34,467)**		*1,28,63,527*
Earnings per equity share:	**M(VI)**				
(a) Basic			**-0.003**		*0.03*
(b) Diluted			**-0.003**		*0.03*
(c) Face value			**10.00**		*10.00*
Other notes forming part of accounts	**M**				
Significant accounting policies	**N**				

The accompanying notes form an integral part of the Financial Statements.
As per our report attached

For and on behalf of the Board

For M. K. DANDEKER & CO.
Chartered Accountants
Firm registration number : 000679S
By the hand of

K. J. DANDEKER
Partner
Membership No : 018533

V.B.GADGIL
Chief Executive & Managing Director

K.VENKATESH
Director

ASHISH MALHOTRA
Company Secretary

Place : Hyderabad
Date : April 16, 2014

Place : Hyderabad
Date : April 16, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

		2013-14 ₹	2012-13 ₹
A	**Cash flow from operating activities**	–	–
B	**Cash flow from investing activities**		
i)	**Net Profit before taxes from non operating activities**	(19,21,277)	1,31,52,351
	Adjustments for non operating items:		
	Loss on sale of fixed Assets	14,189	39,000
	Other non cash items	1,60,50,965	0
	Short term capital Gain- Mutual Funds	0	(56,070)
	Dividend on mutual fund received	(2,97,82,877)	(1,50,71,966)
	Interest received	(8,59,100)	(7,57,805)
ii)	**Net profit from non operating activities**	(1,64,98,100)	(26,94,490)
	Adjustments for :		
	(Increase) / Decrease in short term loans and advances	(2,26,03,985)	(2,47,92,617)
	Increase/ (Decrease) in short term provisions	30,08,166	89,23,510
	Increase/ (Decrease) in other current liabilities	23,84,66,184	1,04,27,51,185
	(Increase) / Decrease in long term loans and advances	14,85,37,435	(440,53,91,328)
	Increase/ (Decrease) in other long term liabilities	2,59,89,465	53,66,475
iii)	**Cash generated from/(used in) non operating activities**	37,68,99,166	(337,58,37,265)
	Direct taxes refund/ (paid)	(1,19,700)	(3,34,347)
iv)	**Net cash generated from /(used in) non operating activities**	37,67,79,466	(337,61,71,612)
	Purchase of fixed assets	(2008,66,20,373)	(963,43,50,426)
	Sale of Fixed Assets	7,403	36,000
	Investments	(6,01,98,648)	(7,00,55,408)
	Short term capital Gain- Mutual Funds	–	56,070
	Dividend on mutual fund received	2,97,82,877	1,50,71,966
	Interest received	8,59,100	7,57,805
	Cash generated from / (used in) investing activities	(1973,93,90,175)	(1306,46,55,606)
	Extraordinary items	–	–
	Net cash generated from / (used in) investing activities	(1973,93,90,175)	(1306,46,55,606)
C	**Cash flow from financing activities**		
	Equity share capital issued	625,39,80,000	93,00,00,000
	Term Loan	1335,00,99,996	1236,67,00,000
	Net cash generated from /(used in) financing activities	1960,40,79,996	1329,67,00,000
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(13,53,10,178)	23,20,44,394
	Cash and cash equivalents as at the beginning	30,63,53,741	7,43,09,347
	Cash and cash equivalents as at the end	17,10,43,562	30,63,53,741

Notes:
1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 “Cash Flow Statements” as specified in Companies (Accounting Standards) Rules ,2006
2. Purchase of fixed assets includes movement of intangible assets under development and capital work in progress.
3. Cash and cash equivalents represent cash and bank balances .
4. Previous year’s figures have been regrouped/reclassified wherever applicable

As per our report attached

For and on behalf of the Board

For M. K. DANDEKER & CO.
Chartered Accountants
Firm registration number : 000679S
By the hand of

K. J. DANDEKER
Partner
Membership No : 018533

V.B.GADGIL
Chief Executive & Managing Director

K.VENKATESH
Director

ASHISH MALHOTRA
Company Secretary

Place : Hyderabad
Date : April 16, 2014

Place : Hyderabad
Date : April 16, 2014

NOTES FORMING PART OF ACCOUNTS

	As at 31.03.2014		*As at 31.03.2013*	
	₹	₹	₹	₹
NOTE - A				
SHARE CAPITAL				
A(I) Share capital authorised, issued, subscribed and paid up:				
Authorised shares				
243,90,00,000 *(March 31, 2013: 243,90,00,000)* equity shares of ₹ 10 each	**2439,00,00,000**		*2439,00,00,000*	
Issued, subscribed and fully paid-up shares				
115,53,97,606 *(March 31, 2013: 52,99,99,606)* equity shares of ₹ 10 each	**1155,39,76,060**		*529,99,96,060*	
TOTAL		**1155,39,76,060**		*529,99,96,060*
A(II) Reconciliation of the number of equity shares and share capital				
Issued, subscribed and fully paid up equity shares outstanding at beginning of the year	**52,99,99,606**	**529,99,96,060**	*43,69,99,606*	*436,99,96,060*
Shares issued during the year	**62,53,98,000**	**625,39,80,000**	*9,30,00,000*	*93,00,00,000*
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	**115,53,97,606**	**1155,39,76,060**	*52,99,99,606*	*529,99,96,060*

A(iii) Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the Company and no restrictions are attached to any specific share holder.

The Company has allotted one non-transferable equity share (the Golden Share) to the Government of Andhra Pradesh (Government) having a par value of ₹ 10 in pursuance of the Shareholders' Agreement entered into with the Government and others. In terms of the said agreement, the Government shall be entitled to appoint a nominee director on the Board of Directors of the Company and so long as the Government holds the Golden Share, an affirmative vote of the Government or the director appointed by the Government shall be required for passing of, by the general meeting of the Company or the meeting of Board of Directors thereof, as the case may be, any resolution on all the reserved matters as specified in the said agreement.

	As at 31.03.2014		*As at 31.03.2013*	
	₹	₹	₹	₹
A(iv) Shares held by holding/ultimate holding company and/or their subsidiaries/associates				
L&T Infrastructure Development Projects Limited, the holding company				
114,38,43,620 *(March 31, 2013: 52,46,99,600)* equity shares of ₹ 10 each fully paid up		**1143,84,36,200**		*524,69,96,000*
Larsen & Toubro Limited, the ultimate holding company				
1,15,53,980 *(March 31, 2013: 53,00,000)* equity shares of ₹ 10 each fully paid up		**11,55,39,800**		*5,30,00,000*

	As at 31.03.2014		*As at 31.03.2013*	
	No.	**% of holding**	*No.*	*% of holding*
A(v) Details of shareholders holding more than 5% shares in the Company				
Equity share of ₹ 10 each fully paid				
L&T Infrastructure Development Projects Limited, the holding company	**114,38,43,620**	**99%**	*52,46,99,600*	*99%*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2014		As at 31.03.2013	
	₹	₹	₹	₹
NOTE - B				
RESERVES AND SURPLUS				
Hedging Reserve				
As per last Balance sheet	–		–	
Addition during the year	-3,10,79,366		–	
		-3,10,79,366		–
Surplus/(deficit) in the Statement of Profit and Loss				
As per last Balance sheet	26,34,854		(1,02,28,673)	
Profit/(Loss) for the year	(22,34,467)		1,28,63,527	
		4,00,388		26,34,854
TOTAL		-3,06,78,978		26,34,854
NOTE - C (I)				
LONG TERM BORROWINGS				
Secured				
Term Loans from Banks including letters of credit availed as sub limit (Note no C(I)(i))		2571,67,99,996		1236,67,00,000
TOTAL		2571,67,99,996		1236,67,00,000

NOTE C(I)(i)

Particulars	Details
Interest Rate	Interest rate @ 225 basis points above the base rate of State Bank of India (floating)
Repayment	Repayable in 36 quarterly unequal instalments beginning from September 30, 2018 and ending on June 30,2027.
Security a) Mortgage of non-agricultural land bearing plot no. 19 forming part of land in survey nos. 332A+334A+338A, mouje zaap, sudhagad taluka, Dist. Raigad, Maharashtra. b) Charge on all tangible movable assets (present and future), including all movable plant, machinery, spares, tools, fittings etc. as specified in Schedule II to Indenture of Mortgage, excluding project assets specified in concession agreement. c) Charge on rights, interest under/in respect of project documents, approvals, insurance contracts and escrow accounts to the extent permitted to the lenders under escrow agreement together with permitted investments etc. and d) Charge on right, interest etc. to/in respect of receivables, letter of credit, guarantee, performance bond, other amounts owing to/received by the Company, all intangible assets of the Company viz goodwill, trademark etc.	

	As at 31.03.2014	As at 31.03.2013
	₹	₹
NOTE - C(II)		
OTHER LONG TERM LIABILITIES		
Deposits for car scheme	63,03,716	56,90,688
Retention monies	16,93,103	–
Security Deposit	2,69,83,334	33,00,000
TOTAL	3,49,80,153	89,90,688
NOTE - D(I)		
TRADE PAYABLES		
Due to related parties	67,29,00,828	10,41,43,486
Micro and small enterprises (Note no M (XII))	–	–
Others	34,53,66,982	87,29,79,408
TOTAL	101,82,67,811	97,71,22,893

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2014	As at 31.03.2013
	₹	₹
NOTE - D(II)		
OTHER CURRENT LIABILITIES		
Interest accrued but not due	**27,07,16,590**	*3,73,34,328*
Forward contract payables	**4,71,30,331**	–
Other payables	**12,25,13,826**	*15,85,74,822*
TOTAL	**44,03,60,747**	*19,59,09,150*
NOTE - D(III)		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Gratuity	**49,03,981**	*38,87,847*
Compensated absences	**1,02,62,572**	*82,70,540*
TOTAL	**1,51,66,553**	*1,21,58,387*

NOTE E(I)

TANGIBLE & INTANGIBLE ASSETS

CLASS OF ASSETS	COST/ VALUATION				DEPRECIATION				BOOK VALUE	
	As at 01.04.2013	Additions	Deductions	**As at 31.03.2014**	Upto 31.03.2013	For the period	Deductions	**Upto 31.03.2014**	**As at 31.03.2014**	*As at 31.03.2013*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets-Owned										
Freehold land	15,57,000	–	–	**15,57,000**	–	–		–	**15,57,000**	*15,57,000*
Computers	98,68,780	42,61,039	49,350	**1,40,80,469**	36,97,798	30,37,750	27,759	**67,07,789**	**73,72,680**	*61,70,983*
Furniture & Fixtures	2,77,65,438	6,62,756	–	**2,84,28,194**	1,45,34,197	72,22,825		**2,17,57,022**	**66,71,172**	*1,32,31,241*
Office Equipment	5,51,94,126	21,69,912	–	**5,73,64,038**	1,78,15,152	1,11,20,233		**2,89,35,385**	**2,84,28,654**	*3,73,78,975*
Vehicles	37,41,027	–	–	**37,41,027**	6,64,684	3,55,398		**10,20,082**	**27,20,945**	*30,76,343*
TOTAL	**9,81,26,372**	**70,93,707**	**49,350**	**10,51,70,729**	**3,67,11,831**	**2,17,36,206**	**27,759**	**5,84,20,278**	**4,67,50,451**	**6,14,14,542**
Previous Year	*7,94,78,070*	*1,87,68,302*	*1,20,000*	*9,81,26,372*	*1,70,73,588*	*1,96,83,242*	*45,000*	*3,67,11,831*	*6,14,14,542*	
Intangible Assets-Owned										
Specialised Software	60,27,100	1,53,81,180	–	**2,14,08,280**	31,76,081	71,38,448		**10,314,529**	**1,10,93,751**	*28,51,019*
TOTAL	**60,27,100**	**1,53,81,180**	–	**2,14,08,280**	**31,76,081**	**71,38,448**	–	**10,314,529**	**1,10,93,751**	**28,51,019**
Previous Year	*50,44,234*	*9,82,866*	–	*60,27,100*	*11,99,000*	*19,77,081*	–	*3,176,081*	*28,51,019*	

	As at 31.3.2013	April - March 2014	As at 31.03.2014
	₹	₹	₹
NOTE - E(II)			
CAPITAL WORK IN PROGRESS			
Transit oriented development			
Work in progress	–	34,79,86,142	**34,79,86,142**
Salaries and wages (Note no M (X))	*1,04,67,791*	1,72,18,251	**2,76,86,042**
Clearance and approval fees	*61,67,135*	1,68,38,995	**2,30,06,130**
Consultancy fees	*31,87,579*	9,30,20,802	**9,62,08,381**
Bank & finance charges	*10,06,700*	5,15,80,740	**5,25,87,440**
Other expenses	*10,96,452*	69,158	**11,65,610**
TOTAL	*2,19,25,658*	52,67,14,087	**54,86,39,745**

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.3.2013 ₹	**April - March 2014** ₹	**As at 31.03.2014** ₹
NOTE - E (III)			
INTANGIBLE ASSETS UNDER DEVELOPMENT			
Fare collection rights			
Construction work in progress	*959,55,22,079*	1638,35,20,512	**2597,90,42,591**
Salaries and wages (Note no M(X))	*30,31,27,384*	25,33,58,155	**55,64,85,539**
Compensation for employee stock option plan (ESOP) [Note M(XI)]	*24,62,657*	7,53,401	**32,16,058**
Staff welfare and other expenses	*3,90,04,885*	1,96,24,216	**5,86,29,101**
Lease rent	*13,44,89,339*	9,06,46,744	**22,51,36,083**
Concession fees	*1*	1	**2**
Travelling & conveyance	*3,91,72,223*	2,73,93,467	**6,65,65,690**
Facility management, communication and other expenses	*12,05,21,120*	4,18,81,193	**16,24,02,313**
Project insurance	*13,39,96,274*	8,49,03,311	**21,88,99,585**
Professional & consultancy	*90,61,14,474*	65,32,58,620	**1,55,93,73,094**
Bank & finance charges			
Interest expenses	*39,82,24,680*	1,94,38,75,674	**2,34,21,00,354**
Other borrowing costs	*44,95,98,021*	75,25,322	**45,71,23,343**
Depreciation/ amortization	*3,99,32,911*	2,88,74,655	**6,88,07,566**
Recruitment & training	*70,34,633*	31,94,076	**1,02,28,709**
Security service expenses	2,32,36,837	15,53,957	2,47,90,794
Asset management software	*0*	2,45,44,275	**2,45,44,275**
Other expenses	*38,82,512*	14,20,067	**53,02,579**
TOTAL	*1219,63,20,030*	1956,63,27,646	**3176,26,47,675**

	As at 31.03.2014 ₹	*As at 31.03.2013* ₹
NOTE - F		
LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital advances		
- Related parties	**346,79,66,382**	*445,69,93,129*
- Others	**246,15,32,261**	*162,18,15,205*
	592,94,98,643	*607,88,08,334*
Other Loans and Advances		
Security Deposits		
- Related parties	**3,59,250**	*94,64,316*
- Others	**3,21,40,986**	*2,22,63,664*
	3,25,00,236	*3,17,27,980*
TOTAL	**596,19,98,879**	*611,05,36,314*
NOTE - G		
CASH AND BANK BALANCES		
Fixed deposits with Banks with maturity more than 12 months (including interest accrued thereon)-Not available for immediate use being securities offered for guarantees issued by banks	–	*2,15,28,714*
TOTAL	–	*2,15,28,714*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Book & Market value per unit ₹	No. of units As at 31.03.2014	As at 31.03.2014 ₹	As at 31.03.2013 ₹
NOTE - H(I)				
CURRENT INVESTMENTS				
Mutual Funds (Quoted)				
SBI Mutual Fund -Daily Dividend	1,003	99,763.21	**10,00,87,438**	–
L&T Liquid Fund-Daily Dividend	1,012	29,819.67	**3,01,66,618**	*7,00,55,408*
TOTAL			**13,02,54,056**	*7,00,55,408*

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
NOTE - H(II)		
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents		
Cash in hand	–	–
Balances with Banks :		
On current accounts	**1,09,56,090**	*96,41,847*
Fixed deposits with banks with less than 3 months maturity (including interest accrued thereon)	**16,00,87,472**	*27,51,83,180*
TOTAL	**17,10,43,562**	*28,48,25,027*
NOTE - H(III)		
SHORT TERM LOANS AND ADVANCES		
Unsecured and considered good		
Loans and advances to related parties	**94,30,687**	*1,29,366*
Other loans and advances		
Prepaid expenses	**9,59,84,472**	*8,52,81,534*
Advance tax (Net of current taxes)	**3,39,767**	*40,231*
Advances recoverable in cash or in kind	**42,97,337**	*22,12,229*
TOTAL	**11,00,52,263**	*8,76,63,360*
NOTE - I		
CONTINGENT LIABILITIES		
Claims against the Company not acknowledged as debts	**24,42,69,630**	–
TOTAL	**24,42,69,630**	–
NOTE - J		
COMMITMENTS		
Estimated amounts of contracts remaining to be executed on capital account	**8304,53,30,289**	*8186,43,59,524*
TOTAL	**8304,53,30,289**	*8186,43,59,524*

	2013-14 ₹	2012-13 ₹
NOTE - K		
OTHER INCOME		
Interest on short term deposits (TDS- ₹ 87,860 PY ₹ 76,279)	**8,59,100**	*7,57,805*
Dividend on current investments	**2,97,82,877**	*1,50,71,966*
Short term capital gain- mutual Funds	–	*56,070*
Other non-operating income	**1,54,460**	*1,45,681*
TOTAL	**3,07,96,437**	*1,60,31,522*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	2013-14		2012-13	
	₹	₹	₹	₹
NOTE - L				
OTHER EXPENSES				
Audit fees		**3,59,552**		*2,24,720*
Cost Audit Fees		**40,472**		
Premia on Forward Contract		**2,29,37,212**		
Project awareness campaign expenses	**3,71,18,527**		*23,96,848*	
Less : Receipts towards the above	**2,87,24,839**		–	
		83,93,688		*23,96,848*
Corporate social responsibility expenses		**7,34,825**		–
Filing fees		**4,880**		*44,982*
Miscellaneous expenses		**2,47,085**		*2,12,621*
TOTAL		**3,27,17,714**		*28,79,171*

NOTE - M (I) : CORPORATE INFORMATION

L&T Metro Rail (Hyderabad) Limited was incorporated on August 24, 2010 as a Special Purpose Vehicle to undertake the business to construct, operate and maintain the Metro Rail System (including Transit Oriental Development) in Hyderabad under Public Private Partnership model.

The Company signed Concession Agreement with the Government of Andhra Pradesh on 04.09.2010 which granted the exclusive right, licence and authority to the Company to construct, operate and maintain the Metro Rail System (The 'Concession') on three elevated corridors from Miyapur to L.B.Nagar, Jubilee Bus Station to Falaknuma and from Nagole to Shilparamam in Hyderabad, covering a total distance of 71.16 Kms in accordance with the provisions of the Concession Agreement on Design, Build, Finance, Operate and Transfer (DBFOT) basis.

In terms of Clause 3.1.1 and Schedule G of the Concession Agreement, the concession period of the project is for 35 years commencing from the Appointed Date including the construction period, which is extendable for a further period of 25 years subject to fulfilment of certain conditions by the Company.

The Company achieved financial closure on March 1, 2011 and satisfied all conditions precedent laid down in the concession agreement. The project cost shall be funded by promoters' share capital, viability gap grant and term loans from a consortium of banks with State Bank of India, as lead bank. The Company commenced debt drawl during the previous financial year and the construction of the project is in progress.

NOTE - M(II) : DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 (REVISED)

Defined Contribution Plans:

Amount of ₹ 79,11,969 *(previous year: ₹ 59,17,563)* towards Provident Fund contribution has been recognized in "Intangible assets under development [Note E(III)]

Defined Benefit Plans:

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The fund is managed by LIC.

Amount recognised in the financial statements in respect of gratuity is as below:

a. **The amounts recognised in the Balance Sheet on account of Gratuity Fund are as follows**

Particulars	**2013-14**	*2012-13*
	₹	₹
Present value of defined benefit obligation		
– Wholly Funded	**98,66,899**	*82,26,708*
Less: Fair value of plan assets	**(49,62,918)**	*(43,38,861)*
Amount to be recognised as liability or (asset)	**49,03,981**	*38,87,847*
Unrecognized Past Service Cost	**–**	–
Net Asset/Liability recognized in Balance Sheet	**49,03,981**	*38,87,847*

NOTES FORMING PART OF ACCOUNTS (Contd.)

b. The amount recognised in the Intangible assets under development [Note E(III)] is as follows:

Particulars	**2013-14** ₹	*2012-13* ₹
Current service cost	**10,36,046**	*8,09,771*
Interest Cost on Benefit Obligation	**6,58,137**	*2,44,090*
Expected Return On Plan Assets	**(63,190)**	*(1,80,047)*
Net Actuarial Gain /Loss Recognized	**4,22,177**	*41,75,997*
Past Service Cost	**–**	*–*
Total expense recognized in Intangible under development	**20,53,170**	*50,49,811*
Actual Return on Plan Assets	**(63,190)**	*(1,80,047)*

c. Change in the present value of the defined benefit obligation is as follows:

Opening Defined Benefit Obligation	82,26,708	30,51,127
Interest Cost	6,58,137	2,44,090
Current Service Cost	10,36,046	8,09,771
Benefits Paid	(4,76,169)	(54,277)
Actuarial(gains)losses on obligation	4,22,177	41,75,997
Closing Defined Benefit obligation	98,66,899	82,26,708

d. Changes in the plan assets representing reconciliation of the opening and closing balances are as follows:

Opening Fair Value of Plan Assets	43,38,861	13,65,377
Expected Return	63,190	1,80,047
Contributions	10,37,036	28,47,714
Benefits Paid	(4,76,169)	(54,277)
Actuarial Gain/loss	–	–
Closing Fair value of Plan Assets	49,62,918	43,38,861

e. The actuarial assumptions under which the provision for gratuity made are as under:

(i) Valuation Method : Projected Unit Credit Method

(ii) Demographic Assumptions:

1	Number of Members	133
2	Retirement Age	58
3	Attrition rate	5%
4	Mortality table	LIC (1994-96)

(iii) Financial Assumptions:

1	Discount Rate	8%
2	Future Salary rise	10%

The funds are managed by Life Insurance Corporation of India. Hence broad categories of plan assets as a percentage of total plan assets are not furnished.

The estimates of future salary increases, considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

NOTE - M (III) : DISCLOSURE PURSUANT TO ACCOUNTING STANDARD AS -17 "SEGMENT REPORTING"

The Company is yet to commence its commercial operations. Hence reporting of primary business segments and secondary segments as required in Accounting Standard 17 "Segment Reporting" does not arise.

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE - M (IV)

DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO ACCOUNTING STANDARD AS 18 "RELATED PARTY DISCLOSURES"

(i) List of related parties

Holding Companies	Larsen & Toubro Limited (Ultimate holding company)
	L&T Infrastructure Development Projects Limited (Holding company)
Fellow Subsidiary Companies	L&T Infocity Limited
	L&T Urban Infrastructure Limited
	L&T Finance Holdings Limited
	L&T Transportation Infrastructure Limited
	L&T Gulf Private Limited
	L&T Infotech Limited
	Hyderabad International Trade Expositions Limited
	Narmada Infrastructure Construction Enterprise Limited
Associate Company	L&T-Ramboll consulting Engineers Ltd.

(ii) Transactions with related parties.

Particulars	**FY 2013-14** ₹	*FY 2012-13* ₹
HOLDING COMPANIES		
L&T Infrastructure Development Projects Limited		
Cost of Services	**–**	*57,44,625*
Equity Share capital money received	**619,14,40,200**	*92,07,00,000*
Fee paid for Advisory and debt arranging services	**–**	*2,57,93,362*
Inter Corporate Deposit received	**–**	*16,00,00,000*
Interest paid	**–**	*54,36,712*
Rent Payment	**7,78,050**	*7,41,000*
Purchase of fixed Assets	**–**	*1,08,538*
Larsen & Toubro Limited		
Pay roll & TEMS Processing fees	**3,18,201**	*2,02,248*
Cost of Services	**3,92,69,951**	*4,41,66,972*
Equity Share capital received	**6,25,39,800**	*93,00,000*
Mobilisation advance paid	**30,37,50,000**	*1,45,69,93,128*
Construction work in progress	**1604,66,81,552**	*696,41,69,119*
Overheads recovered by	**1,63,69,302**	*2,28,13,480*
Overheads charged to	**1,26,76,496**	*64,36,549*
FELLOW SUBSIDIARIES		
L&T Infocity Limited		
Lease Rentals paid	**1,47,51,115**	*2,22,73,593*
Facility management expenses	**2,22,72,820**	*2,01,00,097*
Reimbursement of expenses	**1,27,67,167**	*1,58,62,922*
Cost of Services	**3,54,353**	*84,137*
L&T Urban Infrastructure Limited		
Cost of services	**–**	*2,19,102*
L&T -GULF Private Limited		
Cost of services	**6,72,112**	*5,34,819*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	FY 2013-14 ₹	FY 2012-13 ₹
Hyderabad International Trade Expositions Limited		
Cost of services	–	3,18,342
Reimbursement of expenses	18,534	13,685
Narmada Infrastructure Construction Enterprise Limited		
ICD received	–	10,00,00,000
Interest on ICD paid	–	11,15,068
Larsen & Toubro Infotech Limited		
Cost of Services to	10,78,896	–
Reimbursement of expenses	84,192	–
L&T Transportation Infrastructure Limited		
Reimbursement of Expenses	23,669	–
L&T Finance Holdings Limited		
Reimbursement of Expenses	2,54,967	–
ASSOCIATES		
L&T - Ramboll Consulting Engineers Limited		
Consultancy Services	–	16,85,400

(iii) Due to / from related parties

Name/Relationship	FY 2013-14 ₹		FY 2012-13 ₹	
	Due to	Due from	Due to	Due from
Larsen and Toubro Limited (Ultimate holding company)	67,12,17,792	83,35,828	9,71,12,607	–
L&T Infrastructure Development Projects Limited (Holding company)	–	1,80,000	13,77,137	–
Fellow Subsidiary				
L&T Infocity Limited	13,46,558	1,79,250	53,25,607	–
L&T-Gulf Private Limited	3,19,201	–	1,98,768	–
L&T Infotech Limited	–	9,81,604		

Note: No amount pertaining to the related parties have been written off / written back during the year

NOTE - M(V) : Disclosure pursuant to Accounting Standard AS -19 “Leases”

The Company has not entered into any finance lease. The Company has taken premises and vehicles under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no exceptional/restrictive covenants in the lease agreements. The lease expenses in respect of these operating leases have been recognized as an expense (Current Year: ₹ 4,46,63,927 (Previous Year ₹ 7,70,82,043) and included in Intangible assets under development.

NOTE - M (VI) : Basic and diluted earnings per Share computed in accordance with Accounting Standard AS 20 “Earnings per share”

Particulars	FY 2013-14	FY 2012-13
Profit after Tax (₹)	(22,34,467)	1,28,63,527
Weighted average no. of Equity Shares (No.)	69,53,14,310	45,10,13,305
Earnings per share - Basic (₹)	(0.003)	0.03
Earnings per share - Diluted (₹)	(0.003)	0.03
Face Value Per Equity Share(₹)	10	10

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE - M(VII) Major components of deferred tax assets and deferred tax liabilities pursuant to Accounting Standard AS 22 "Accounting for Taxes on Income"

Particulars	FY 2013-14 ₹		*FY 2012-13 ₹*	
	Deferred tax assets	**Deferred tax liability**	*Deferred tax assets*	*Deferred tax liability*
Tax effect on Account of :				
Preliminary and other expenses deductible u/s 35D.	**63,91,960**	**–**	*63,91,960*	–
TOTAL	**63,91,960**	**–**	*63,91,960*	–
Net Deferred tax asset		**63,91,960**		**63,91,960**
Net Deferred tax asset credited to Profit & Loss Account		**–**		**–**

NOTE - M (VIII)

In Line with the Company's risk management policy, the financial risk related to changes In exchange rates are hedged by entering into forward contracts.

Particulars of Forward Contracts entered for hedging purpose outstanding as at March 31, 2014 are as under

Particulars	Amount of exposure hedged	
	As at 31.03.2014	*As at 31.03.2013*
Forward Contracts for payables including firm commitments and highly probable forecasted transactions (₹)	**331,02,40,705**	–

Un-hedged foreign currency exposures as at March 31, 2014 are as under

Particulars	As at 31.03.2014	*As at 31.03.2013*
Payables including firm commitments and highly probable forecasted transactions (₹)	**704,46,42,169**	*586,42,87,530*

NOTE - M (IX) : Expenditure in Foreign Currency:

Particulars	FY 2013-14 ₹	*FY 2012-13 ₹*
On overseas contracts	**6,52,85,252**	*141,56,88,095*
Professional/Consultancy Fees	**72,21,600**	*30,80,890*
Travelling expenses	**38,53,153**	*8,76,146*
Others	**–**	*1,40,844*
TOTAL	**7,63,60,005**	*141,97,85,975*

NOTE - M (X) : Salaries and wages include

Particulars	*As at 31.03.13 ₹*	Apr-Mar 2014 ₹	**As at 31.03.14 ₹**
Contribution to and provision for			
Provident fund	*97,65,993*	79,11,969	**1,76,77,962**
Gratuity	*81,15,938*	20,53,170	**1,01,69,108**
Leave encashment	*87,79,722*	35,04,608	**1,22,84,330**
TOTAL	*2,66,61,653*	1,34,69,747	**4,01,31,400**

NOTE - M (XI)

Pursuant to the Employees Stock Options Scheme established by the holding Company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding Company, in respect of the same is ₹ 37,57,140. The same is being recovered from the Company over the period of vesting by the holding Company. Accordingly, cost of ₹ 32,16,057 *(P.Y. ₹ 24,62,657)* has been recovered by the holding Company upto current year, out of which, ₹ 7,53,400 *(P.Y. ₹ 15,02,518)* was recovered during the year. Balance of ₹ 5,41,083 will be recovered in future periods.

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE - M (XII)

There are no amounts due to Micro, Small and Medium enterprises under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. Hence reporting details of principal and interest does not arise.

NOTE - M (XIII) : Auditors' remuneration (excluding service tax) and expenses charged to the accounts:

Particulars	FY 2013-14 ₹	*FY 2012-13 ₹*
Audit fees	**2,15,000**	*2,00,000*
Other services	**1,55,000**	*1,00,000*
Reimbursement of expenses	**92,446**	*45,885*
TOTAL	**4,62,446**	*3,45,885*

NOTE - M (XIV)

The Company does not have taxable wealth and hence no provision for wealth tax has been made as per the provisions for Wealth Tax Act, 1957.

NOTE - M (XV)

The corresponding previous year's figures have been regrouped wherever necessary to confirm to the presentation of the current year's accounts.

NOTE - M (XVI)

Figures have been rounded off to the nearest rupee.

NOTE - N

SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAAP") in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable, except to the extent where compliance with other statutory promulgations viz. SEBI guidelines override the same requiring a different treatment.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, allowance for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

(ii) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule VI to the Companies Act, 1956 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule VI to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

(iii) Revenue recognition

a. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

b. Other items of income are accounted as and when the right to receive arises.

(iv) Employee benefits

(a) Short Term Employee Benefits:

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc., and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

(b) Post-employment benefits

Defined Contribution Plans:

The State Governed Provident Fund scheme, employee Pension Scheme and employee state insurance scheme aredefined Contribution Plan. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Defined Benefit Plans:

Employees' Gratuity fund scheme managed by the trust is the defined benefit plan. The present value of the obligation under defined benefit plan is determined based on actuarial valuation using Projected Unit Credit Method which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested.

(c) Long term employee Benefits

The obligation for long term employee benefits such as long term compensated absences/leave encashment is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. Actuarial gains and losses are recognized immediately in the Profit & Loss Account or capitalised as the case may be.

(v) Tangible fixed assets

Tangible fixed Assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation.

Administrative and other general overhead expenses that are specifically attributable to the acquisition of tangible fixed assets or bringing the fixed assets to working condition are allocated and capitalized as a part of the cost of the tangible fixed assets.

Tangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as “capital work-in-progress”.

(vi) Leases

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are accounted under intangible assets under development on accrual basis.

(vii) Depreciation

Depreciation on assets is provided on straight line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on additions/deductions is calculated pro-rata from/to the month of additions/deductions. However, in respect of the following asset categories, depreciation is provided at higher rates in line with their estimated useful life.

Category of Asset	**Rate of Depreciation (% p.a.)**
Furniture and Fixtures:	
– Retrofits	33.33
– Others	10
Computers	25
Office equipment	20

(viii) Intangible fixed assets and Amortization

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Fare collection rights obtained in consideration for rendering development and construction services represents the rights to collect fare revenue during the concession period in respect of design, build, finance, operate and transfer (DBFOT) project undertaken by the Company. Fare collection rights are capitalized as intangible asset upon completion of the project at the cumulative construction cost. Till the completion of the project the same is recognised as Intangible assets under development.

Pre-operative expenses including administrative and other general overhead expenses that are specifically attributable to the acquisition of intangible assets are allocated and capitalized as a part of the cost of the Intangible assets.

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization.

Specialised Softwares are amortized on a straight line basis over a period of three years.

(ix) Impairment of assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

a) the provision for impairment loss, if any; and

b) the reversal of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Recoverable amount is determined:

a) in the case of an individual asset, at the higher of the net selling price and the value in use;

b) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

(x) Investments

Investments which are readily realizable and are intended to be held for not more than one year from the date of acquisition are classified as current investments. All other investments are classified as long term investments.

(i) Investments are recorded at actual cost including costs incidental to acquisition.

(ii) Investments are classified as long term or current at the time of making of such investments.

(iii) Current investments are valued at the lower of cost and market value. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

(xi) Borrowing Costs

Borrowing costs include interest, commitment charges, amortization of ancillary costs, amortization of discounts / premium related to borrowings, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

(xii) Foreign currency transactions, forward contracts and derivatives

a. The reporting currency of the Company is the Indian Rupee.

b. Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate.

Non-monetary items, carried at historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

c. Forward contracts, other than those entered into to hedge foreign currency risk on unexecuted firm commitments or highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly as per Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates". Exchange differences arising on such contracts are recognised in the period in which they arise.

d. The Forward contracts entered into to hedge foreign currency risks on unexecuted firm commitments and highly probable forecast transactions are recognised in the financial statements at fair value as on the Balance Sheet date, in pursuance of the announcement of the ICAI dated March 29, 2008 on accounting of derivatives.

The Company has adopted Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" for accounting of such derivate contracts, not covered under Accounting Standard (AS) 11 " The Effects of Changes in Foreign Exchange Rates " as mandated by the ICAI in the aforesaid announcement.

Accordingly, the resultant gain or losses on fair valuation/settlement of the derivative contracts covered under Accounting Standard (AS) 30 "Financial Instruments "Recognition and Measurement" are recognised in the statement of Profit and Loss or Balance Sheet as the case may be after applying the test of hedge effectiveness. Where the hedge in respect of off-Balance Sheet items is effective, the gains or losses are recognised in the "Hedging Reserve" which forms part of "Reserves and Surplus" in the Balance Sheet. The amount recognised in the "hedging reserve" is transferred to the Statement of Profit and Loss in the period in which the underlying hedged item affects the Statement of Profit and Loss. Gains or Losses in respect of ineffective hedges are recognised in the Statement of Profit and Loss in the period in which such gains or losses are incurred.

The premium paid on forward contract is accounted as expense over the life of the contract.

(xiii) Taxes on Income

a. Taxes on income for the current period is determined on the basis of taxable Income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on expected outcome of assessments / appeals.

b. Deferred tax is recognized on timing differences between the income accounted in financial statements and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet.

c. Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

d. Other Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(xiv) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a. The Company has a present obligation as a result of a past event.
b. A probable outflow of resources is expected to settle the obligation and
c. The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of

a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
b. a present obligation arising from past events, when no reliable estimate is possible.
c. a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance sheet date.

(xv) Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

a. Estimated amount of contracts remaining to be executed on capital account and not provided for
b. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.
c. Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details

(xvi) Cash Flow Statement

Cash Flow Statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

a. transactions of a non-cash nature
b. any deferrals or accruals of past or future operating cash receipts or payments and
c. items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

(xvii) Operating cycle for current and non-current classification.

An asset shall be classified as current when it satisfies any of the following criteria:

a. it is expected to be realized within twelve months after the reporting date; or
b. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets shall be classified as non-current."

A liability shall be classified as current when it satisfies any of the following criteria:

a. it is due to be settled within twelve months after the reporting date; or
b. the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities shall be classified as non-current.

As per our report attached — For and on behalf of the Board

For M. K. DANDEKER & CO.
Chartered Accountants
Firm registration number : 000679S
By the hand of

K. J. DANDEKER	**V.B.GADGIL**	**K.VENKATESH**	**ASHISH MALHOTRA**
Partner	*Chief Executive & Managing Director*	*Director*	*Company Secretary*
Membership No : 018533			

Place : Hyderabad
Date : April 16, 2014

Place : Hyderabad
Date : April 16, 2014